

W/C

March 18, 1986

VIA FEDERAL EXPRESS

Mr. Wayne Kaplan  
Premerger Notification Office  
Bureau of Competition, Room 303  
7 Pennsylvania Avenue, N.W.  
Federal Trade Commission  
Washington, D.C. 20580

NOTICE  
the  
Section 13  
which requires  
Freedom of Information

PREMERGER  
NOTIFICATION  
OFFICE

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Re: Notification Requirements in connection with  
the transfer of Limited Partnership Interests

Dear Mr. Kaplan:

This letter is to confirm the advice you gave the undersigned during a telephone conversation yesterday regarding the Federal Trade Commission's (the "FTC's") position under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "Act") and the regulations promulgated by the FTC thereunder (the "Regulations") with respect to the sale of less than 100% of the equity interest in a partnership.


Our client, Corporation A, holds an approximately 96.5% partnership interest in Partnership X. Corporation A is both a general partner and a limited partner in Partnership X. Corporation B holds an approximately 3.4% partnership interest in Partnership X. Corporation B is the

  
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other general partner in Partnership X. Corporation A and Corporation B are unrelated, and each is, or is included within, a "person" within the meaning of Regulation 801.1(a)(1) that has total assets in excess of \$100 million.

Corporation C proposes to acquire all of the partnership interest held by Corporation A in Partnership X. Corporation C will acquire a majority of the partnership interest held by Corporation A immediately; Corporation C will acquire the remainder of the partnership interest held by Corporation A next year. Corporation C is unrelated to either Corporation A or Corporation B, and is, or is included within, a person that has total assets in excess of \$100 million.


As consideration for the transaction, at the time of the initial transfer of Corporation A's partnership interest to Corporation C, Corporation A will pay Corporation C \$19 million in cash. Also, at the time of the initial transfer, the partnership's assets will be subject to the partnership's indebtedness of approximately \$48.5 million. In addition, at the time of the initial transfer, certain of the outstanding indebtedness of Partnership X to Corporation B will be modified. Corporation B will retain its 3.4% equity interest in Partnership X.

  
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Over the telephone, you advised the undersigned that the FTC takes the position that partnership interests are not "voting securities" within the meaning of Regulation 801.1(f)(1) under the Act. You further advised the undersigned that the FTC takes the position that the acquisition of less than 100% of the equity interest in a partnership is not the acquisition of an asset within the meaning of the Act and the Regulations, but rather is viewed by the FTC as the formation of a new partnership. You advised the undersigned that the formation of a new partnership is not a reportable transaction under Regulation 801.40, or any other provision of the Regulations or the Act. Therefore, you advised the undersigned that it is the position of the FTC that in the case of the acquisition of less than 100% of the equity interest of a partnership, such as the proposed transaction described above, neither the acquiror nor the acquiree is required to file a Notification and Report Form under the Act.

We also understand that the advice of the Justice Department's Antitrust Division need not be sought regarding the matters described above since it follows the FTC's advice on such matters.

Please know that, in reliance on your advice, the parties to the proposed transaction described above do not

  
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intend to file a Notification and Report Form with the FTC  
or the Justice Department in connection with the proposed  
transaction.

The parties would like to consummate the proposed  
transaction in the very near future. Accordingly, if you  
are unable to concur with any part of the foregoing summary  
of your telephone conversation with the undersigned, or if  
you have any questions or further comments, we would appreciate  
it if you would contact the undersigned not later than March 26,  
1986. Thank you for your assistance.

Very truly yours,  
  


OK. WCK 3/19/86